



14 January 1959

MEMORANDUM FOR THE RECORD

SUBJECT: Dresser Industries

OGC Has Reviewed

1. On the afternoon of Monday, 12 January, [redacted] notified me that Colonel Gregan had had a telephone call from a Mr. Bowen of the Department of Commerce concerning a proposal by an American company to export technical data in the field of petroleum engineering to Russia. The export application has been turned down and Mr. Bowen said they were contemplating an appeal and wanted assistance from CIA.

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2. I talked to Mr. Bowen on Tuesday morning and found that this is connected with the Dresser Industries matter in which we had been involved about a year ago. Dresser had purchased a number of rotary drills from the Russians and had promised in return to give information or equipment to the Russians if permission to do so were granted. The Department of Commerce refused such permission to Dresser, and we were involved in the consideration of the case.

3. Dresser has now applied for permission to send information to the Russians on various aspects of petroleum engineering, including certain drill parts and their manufacture. Apparently, this application is to evidence good faith to the Russians under their original commitment. The drills obtained from the Russians are now being manufactured by Dresser, and the American Petroleum Industry has benefited considerably thereby. However, the export of drill parts and the information related thereto is still

on the United States' prescribed list, and Dresser's application was turned down in the first instance on the advice of representatives of the Bureau of Mines and the Gas and Oil Division of Interior. Dresser is appealing and Commerce is seeking an additional review by a different panel to advise its Appeals Board inasmuch as Commerce has the authority to make an exception to the prohibitions on the existing list of nonexportable items. Dresser is contending that anyone in the Soviet Bloc could buy their equipment in third countries and learn all that Dresser has in its proposal and, therefore, no harm is done to the United States if permission is granted. Mr. Bowen said he hoped that CIA could assist in this new review. I pointed out that our participation would have to be limited to intelligence support and that I would look into the matter.

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4. I talked to [redacted] in the Petroleum Division, Office of Research and Reports, who said he had participated from time to time in the past with Commerce in advising on somewhat similar matters and that he would be glad to sit in with Mr. Bowen's panel for such intelligence support as might be appropriate. I so notified Mr. Bowen and informed him that he should get directly in touch with [redacted] as to time and place. Mr. Bowen was very appreciative.

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LAWRENCE R. HOUSTON
General Counsel

cc: EO/DCI
Asst to DCI (Col. Grogan)
ORR